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EX HANDED

USWEST

Elridge A. Stafford  
Executive Director-  
Federal Regulatory

EX PARTE

August 13, 1997

Mr. William F. Caton  
Acting Secretary  
Federal Communications Commission  
1919 M Street, NW, Room 222, SC-1170  
Washington, DC 20554

RE: CC Docket Nos. 96-115, 96-149, WT 96-162

Dear Mr. Caton:

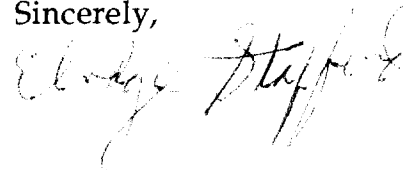
Today, Todd Silbergeld, SBC; Joe LaPorta, NYNEX; Cindy Ford, SBC; Ivy Stevens, U S WEST; and I, met with Dorothy Attwood; Don Stockdale; Lisa Choi and Tonya Rutherford of the Policy and Program Planning Division, Common Carrier Bureau, to present the attached material in connection with the above-referenced proceedings. In addition to the above corporate representatives, Robert Gryzmala, SBC; Kathy Rehmer, SBC; Terri Childress, SBC; Merrienne Hoffman, SBC; Joe Mulieri, Bell Atlantic; Celia Nogales, Ameritech; and Kathy Krause, U S WEST, participated in the meeting via telephone.

In accordance with Commission Rule 1.1206(a)(2), an original and one copy of this letter and the attachment are being filed with you for inclusion in the public record.

Acknowledgment and date of receipt of this submission are requested. A copy of this transmittal letter is provided for this purpose.

Please call if you have questions.

Sincerely,



**Attachment**

cc: Ms. Dorothy Atwood  
Ms. Lisa Choi  
Ms. Tonya Rutherford  
Mr. Don Stockdale

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***Technical, Operational, and Customer Impacts of  
Five Telecommunications Service Category  
Scenarios***

***A Coalition Analysis***

**FCC Dockets CC 96-115, CC 96-149, WT 96-162**

**August 13, 1997**

**Ameritech**

**Bell Atlantic/NYNEX**

**BellSouth**

**SBC Communications Inc.**

**U S WEST**

## *Discussion*

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- **Customer Assumptions**
- **Regulatory Assumptions**
- **Operational Assumptions**
- **Access Vs. Use Restriction Analysis**
- **Scenario Assessment**
- **Conclusion**

## ***Customer Assumptions***

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- **Customers want simple and efficient contacts with their carriers.**
  - **Want minimal number of people to contact at one company.**
  - **Desire the ability to obtain wide range of products and information through one source.**
- **Customers expect businesses (including a carrier) to utilize the data generated as a result of that relationship to provide ongoing customer care as well as inform them of other products and services that will meet their needs.**
  - **Customers expect their carrier's account representative (SRs and AMs) to have access to their account record information.**
- **Customers may provide their carrier with approval to use CPNI for any purpose.**

## *Regulatory Assumptions*

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- **Carriers may access and use CPNI without restraint to perform functions related to the services from which the CPNI is derived and for services necessary to, or used in, the provision of those services.**
- **Carriers may seek and obtain customer approval to use CPNI for other purposes.**
- **This analysis only focuses on the CPNI contained in a carrier's primary customer service/marketing databases, not in maintenance, installation, and repair databases.**
- **The FCC's CPE / CI-III CPNI rules will be subsumed by rules adopted in this proceeding; there will not be multiple sets of CPNI rules.**
- **Any mechanized system requirements will apply to all telecommunications carriers and will require a transition and implementation period.**

## *Operational Assumptions*

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- A carrier's customer service record (CSR) includes information relating to all products and services the carrier provides the customer, and it is assumed that a Service Representative/Account Manager (SR/AM) will offer all products and services the carrier provides.
- SR/AM may view the customer's complete CSR while handling a customer initiated call.
  - Access to the complete service record is required to provide one-on-one service and to be responsive to all of a customer's likely needs and concerns, e.g., billing questions, feature use.
  - System controls to limit access to CPNI are not required as SRs/AMs are allowed to access the complete CSR to provide service to the customer, and may obtain customer approval on the contact for any use.
- A carrier may issue a single, company-wide notification with opportunity to opt-out regarding CPNI use across all service categories and corporate affiliates.
- Mass marketing, as used in this analysis, includes the process of using CPNI to create a "profile" of customers likely to benefit from a particular service or service package to develop relevant contact lists.

## ***Access Vs. Use Restriction Analysis***

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- **Limiting the access of the CPNI contained in the CSR and providing an override capability is not technically feasible using current systems.**
  - **Creating new database access systems would be required**
    - **Depending on complexity (more service categories = more expense) may cost in excess of \$100 million, and take 5 years to implement.\***
    - **This type of access restriction cannot be cost justified where there is broad**
    - **customer approval and converging technology.**
- **CI-III password/ID restrictions prevent specific employees from opening “restricted” records (i.e., the CSR).**
  - **It is an “on/off” type of access control.**
  - **It is not compatible with the Act, because the CSR restriction cannot be overridden by the SR/AM.**
- **The plain language of the Act allows access even to otherwise “restricted” data by customer service employees (Section 222(d)(3)).**

\*Costs are U S WEST estimates, and are representative of impact on BOCs.

# Scenario Assessment

## Scenario 1: Distinct Service Category

*Each service on the customer records must be treated as a distinct service.*

Technical Impacts	Operational Impacts	Customer Impacts
<ul style="list-style-type: none"> <li>Existing systems cannot retrieve and display CPNI on a service by service basis, and do not have dynamic override capability.               <ul style="list-style-type: none"> <li>Entire record will be viewed.</li> <li>Record must be "flagged," based on its CPNI status.</li> <li>If customer approval required, message will be generated to advise SR/AM that customer approval necessary to use the data beyond the service the customer was calling about.</li> <li>Estimated system modification will take approximately 18 months to implement.</li> </ul> </li> <li>The ability to retrieve and display service by service will require re-writing existing systems and developing new interfaces.               <ul style="list-style-type: none"> <li>would provide dynamic override capability.</li> <li>would entail substantial monetary expenditures in excess of \$100M, 5 years to implement #</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>The carriers would not seek customer approval on a service by service basis.</li> <li>Using CPNI from one distinct service to offer another distinct service would not be permitted. Thus, carriers will develop practices for use on:               <ul style="list-style-type: none"> <li>Inbound calls – direct SRs/AMs to not offer services to customers who have not provided prior general approval or oral approval on the call.</li> <li>Outbound activity – direct SRs/AMs and Mass Marketing groups to not use CPNI to offer services to customers who have not provided prior general consent.</li> </ul> </li> <li>Carrier's inability to use CPNI will result in reduced sales opportunities.               <ul style="list-style-type: none"> <li>Increase service costs and prices.</li> <li>Fewer services will be developed.</li> <li>Niche service prices and availability will be hardest hit.*</li> </ul> </li> <li>Customer acquisition costs are increased and efficiencies lost               <ul style="list-style-type: none"> <li>External data sources will be required.*</li> <li>External data not as predictive.</li> </ul> </li> <li>Time necessary to seek oral approval on inbound calls will add an estimated 30-90 seconds to a time sensitive contact with the customer. ++</li> </ul>	<ul style="list-style-type: none"> <li>Additional operational costs may result in higher prices and fewer services for all customers.*</li> </ul> <p><u>For customers who do not provide approval:</u></p> <ul style="list-style-type: none"> <li>Customers will be forced to deal with new, artificial service distinctions, and thus will be inconvenienced and confused when contacting their current carrier. *</li> <li>Customers will be deprived of opportunity to hear about new service offerings. *               <ul style="list-style-type: none"> <li>In the interest of efficiency, carriers may choose to not offer customers products/services from other categories on an outbound basis.</li> </ul> </li> <li>Customers will be denied the benefits of technology when carriers are not able to use the full scope of the CPNI to determine if more efficient communications solutions would better serve the customer.               <ul style="list-style-type: none"> <li>For example, if ISDN and exchange service were in two different categories, a customer with 2 or more lines in their home (possible Internet users) may not be offered benefits of ISDN.</li> </ul> </li> </ul> <p><b>Legend:</b> * Common to more than one scenario            ++ Common to all scenarios            # Costs are U S WEST estimates, and are representative of costs each BOC would incur to implement each scenario</p>



## Scenario Assessment

### Scenario 2: Cross Category Approach

*The scope of CPNI for any individual customer is determined by the service categories subscribed to by that customer. Discrete categories would continue to exist and define the boundaries of CPNI use for other purposes.*

Technical Impacts	Operational Impacts	Customer Impacts
<ul style="list-style-type: none"> <li>Existing systems cannot retrieve and display CPNI on a service by service basis, and do not have dynamic override capability.               <ul style="list-style-type: none"> <li>Entire record will be viewed.</li> <li>Record must be "flagged," based on its CPNI status.</li> <li>If customer approval required, message will be generated to advise SR/AM that customer approval necessary to use the data beyond the available categories.</li> <li>Estimated system/record modification will take approximately 9 months to implement.</li> </ul> </li> <li>The ability to retrieve and display category by category will require re-building existing records and developing new interfaces.               <ul style="list-style-type: none"> <li>would provide dynamic override capability.</li> <li>System modifications will entail \$16.5M, 3 years to implement.</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>Carriers will develop practices for use on               <ul style="list-style-type: none"> <li>Inbound calls--to direct SRs/AMs not to use CPNI to offer services that are <u>unrelated</u> to the general service categories for which the customer is already a subscriber.</li> <li>Outbound activity--to direct SRs/AMs and Mass Marketing groups not to use CPNI to offer services or service packages to customers who have not provided prior general consent, unless the customer has already subscribed to a particular service category.</li> </ul> </li> <li>Time necessary to seek oral approval on inbound calls will add an estimated 30-90 seconds to a time sensitive contact with the customer. ++</li> </ul>	<ul style="list-style-type: none"> <li>Additional operational costs may result in higher prices and fewer services for all customers.*</li> </ul> <p><u>For customers who have not provided approval:</u></p> <ul style="list-style-type: none"> <li>Customers will be forced to deal with new, artificial service distinctions, and thus will be <i>inconvenienced</i> and <i>confused</i> when contacting their current carrier.*</li> <li>Customers will not receive the full benefits of one-stop shopping from its carrier.</li> <li>Limits the telecommunications products and services that could be proactively offered to a carrier's customers on an outbound basis.*</li> <li>Customers may be deprived of opportunity to hear about new service offerings.               <ul style="list-style-type: none"> <li>in the interest of efficiency, carriers may choose not to offer customers products/services from other categories.*</li> </ul> </li> </ul> <p><b>Legend:</b> * Common to more than one scenario            ++ Common to all scenarios            # Costs are U S WEST estimates, and are representative of costs each BOC would incur to implement each scenario</p>

## Scenario Assessment

### Scenario 3: Three Category Approach

*Local including IntraLATA toll, Long Distance including IntraLATA toll, and Wireless*

Technical Impacts	Operational Impacts	Customer Impacts
<ul style="list-style-type: none"> <li>Existing systems cannot retrieve and display CPNI on a service by service basis, and do not have dynamic override capability.               <ul style="list-style-type: none"> <li>Entire record will be viewed.</li> <li>Record must be "flagged," based on its CPNI status.</li> <li>Message will be generated to advise SR/AM that customer approval necessary to use the data beyond the available categories.</li> <li>Estimated system/record modification will take approximately 9 months to implement.</li> </ul> </li> <li>The ability to retrieve and display service by service will require re-building existing records and developing new interfaces.               <ul style="list-style-type: none"> <li>would provide dynamic override capability.</li> <li>System modifications will entail \$16.5M, 3 years to implement.</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>Any service offering using CPNI from a <i>different</i> category would not be permitted. Thus, carriers will develop practices for use on:               <ul style="list-style-type: none"> <li>Inbound calls, to direct SRs/AMs to not offer services to customers who have not provided prior general approval or oral approval on the call.</li> <li>Outbound activity, to direct SRs/AMs and Mass Marketing groups to not use CPNI to offer services or service packages to customers who have not provided prior general consent.</li> </ul> </li> <li>Carrier's inability to use CPNI will result in reduced sales opportunities.*               <ul style="list-style-type: none"> <li>Increases service costs and prices.</li> <li>Fewer services will be developed.</li> <li>Niche service prices and availability will be hardest hit.</li> </ul> </li> <li>Customer acquisition costs are increased.*               <ul style="list-style-type: none"> <li>External data sources will be required.</li> </ul> </li> <li>Time necessary to seek oral approval on inbound calls will add an estimated 30-90 seconds to a time sensitive contact with the customer. ++</li> <li>Mass marketing using available CPNI can continue for offers of services, service packages, and services necessary to, or used in the provision of services within the <u>same</u> category.               <ul style="list-style-type: none"> <li>--- Mass marketing of services in <u>other</u> categories may continue through use of customer information from outside sources.</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>Additional operational costs may result in higher prices and fewer services for all customers.*</li> </ul> <p><u>For customers who have not provided approval:</u></p> <ul style="list-style-type: none"> <li>Customers will be forced to deal with new, artificial service distinctions, and thus will be <i>inconvenienced and confused</i> when contacting their current carrier.*</li> <li>Customers will be denied the overall benefits of one-stop shopping.*</li> <li>Limits the telecommunications products and services that could be proactively offered to a carrier's customers on an outbound basis.*</li> <li>Customer confusion created as to why their carrier would try to sell them a service that they may already have.*</li> </ul> <p><b>Legend:</b> * Common to more than one scenario            ++ Common to all scenarios            # Costs are U S WEST estimates, and representative of costs BOC's would incur to implement each scenario</p>

## Scenario Assessment

### Scenario 4: Two Category Approach

*Local/Wireless and Long Distance/Wireless*

Technical Impacts	Operational Impacts	Customer Impacts
<ul style="list-style-type: none"> <li>Existing systems cannot retrieve and display CPNI on a service by service basis, and do not have dynamic override capability.               <ul style="list-style-type: none"> <li>Entire record will be viewed.</li> <li>Record must be "flagged," based on its CPNI status.</li> <li>If customer approval required, message will be generated to advise SR/AM that customer approval necessary to use the data beyond the combined category. Estimated system/record modification will take approximately 9 months to implement</li> </ul> </li> <li>The ability to retrieve and display service by service will require re-building existing records and developing new interfaces.               <ul style="list-style-type: none"> <li>would provide dynamic override capability.</li> </ul> </li> <li>System modifications will entail \$16.5M, 3 years to implement.</li> </ul>	<ul style="list-style-type: none"> <li>Although this scenario is slightly better approach than Scenario 3, the operational impacts are not appreciably different.</li> </ul>	<ul style="list-style-type: none"> <li>Although this scenario is slightly better approach than Scenario 3, the customer impacts are not appreciably different.</li> </ul> <div data-bbox="1353 1345 1994 1501"> <p><b>Legend:</b></p> <ul style="list-style-type: none"> <li>* Common to more than one scenario</li> <li>++ Common to all scenarios</li> <li># Costs are U S WEST estimates, and are representative of costs each BOC would incur to implement each scenario</li> </ul> </div>

# Scenario Assessment

## Scenario 5: Single Category Approach

*All of the telecommunications services provided by a carrier are considered a part of a single category.*

Technical Impacts	Operational Impacts	Customer Impacts
<ul style="list-style-type: none"> <li>• <b>Feasible with existing systems</b> <ul style="list-style-type: none"> <li>– No change to existing customer record structure would be needed. Old CPNI classification will be removed from records. Will take approximately 9 months to implement.</li> </ul> </li> </ul> <p><b>NOTE: For all scenarios:</b> BOCs will need to strip off old CPNI status and develop 'flagging' mechanism to identify records of customers who have not given approval for CPNI use.</p>	<ul style="list-style-type: none"> <li>• Does not limit the telecommunications services and products that could be proactively offered to a carrier's customers on an inbound and outbound basis.</li> <li>• Allows carriers to maximize efficiencies to reduce marketing costs.</li> <li>• Carriers are encouraged to develop new products and services for their customers. <ul style="list-style-type: none"> <li>– Encourages carriers to enter new markets.</li> </ul> </li> <li>• Carrier able to use its CPNI to offer all telecommunications related products and services through mass marketing efforts. <ul style="list-style-type: none"> <li>– If carrier offers non-telecommunications products and services (that are not necessary to, or used in, the provision of telecommunications service) SRs/AMs must check for approval or obtain approval.</li> </ul> </li> <li>• Enables efficient management of the network - overall customer product and service information is used to anticipate and drive network requirements.</li> </ul>	<ul style="list-style-type: none"> <li>• Customers are presented with the easiest means to conduct business with their current carrier.</li> <li>• Consumer's desire for one-stop shopping can be supported.</li> <li>• SRs/AMs are enabled to provide the customer instant recognition of the scope and value of the relationship between the customer and the carrier.</li> <li>• Carriers are enabled to serve their customer's needs through personalized, one-on-one, needs-based marketing.</li> <li>• Carriers are encouraged to develop and offer new products and services for their customers.</li> <li>• Customers' telecommunications needs are met efficiently.</li> </ul> <p><b>Legend:</b> * Common to more than one scenario ++ Common to all scenarios # Costs are U S WEST estimates, and are representative of costs each BOC would incur to</p>

## ***Conclusion***

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- **The issue examined in this analysis is how the “telecommunications service” referred to in §222(c)(1) should best be defined. It is not a question of**
  - **how the carrier provides its employees access to its CPNI data to perform the functions described in §222(c)(1),**
  - **which employees it designates to perform those functions or what other functions those employees may perform, or**
  - **how the carrier gains customer approval for other uses of the data.**
  
- **Policy should serve consumer needs and reflect the inevitable market convergence of telecommunications services.**
  - **Customers want simplicity, convenience, choice and reliability when dealing with their telecommunications service provider.**
  - **One-stop shopping is the marketplace objective.**
  - **A single telecommunications service category regime allows customers’ interaction with carriers to be similar to how they interact with other businesses for whom a record of the relationship is fundamental to providing ongoing service.**
  - **If multiple categories are necessary, carrier needs a way to get broad customer approval in least burdensome manner consistent with customer’s expectations.**
    - **Individuals find “opt-out” an acceptable method for providing approval for use of their personal information within a corporate family, according to a Louis Harris & Associates Study (1994).**